

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6170

BILL NUMBER: SB 155

NOTE PREPARED: Jan 13, 2011

BILL AMENDED: Jan 13, 2011

SUBJECT: Tax Liens.

FIRST AUTHOR: Sen. Steele

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the Department of State Revenue (DOR) to release a judgment if: (1) it has been fully satisfied; or (2) the tax assessment or issuance of the tax warrant was erroneous. It provides that a tax lien on real property is void if the person owing the tax provides written notice to the DOR to file an action to foreclose the lien, and the DOR fails to file an action to foreclose the lien not later than 180 days after receiving the notice.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) This bill provides that if the DOR does not foreclose on a lien on real property within 180 days after receiving a notice to foreclose the lien, then the lien would be released. Any taxes, interest, penalties, and collection fees associated with the tax liens would be released and would not be collected. The impact of these provisions is indeterminable.

Explanation of Local Expenditures: (Revised) This bill provides that if a person provides written notice to the DOR to file an action to foreclose a lien on real property and the DOR fails to file an action to foreclose the lien within 180 days after receiving the notice, then the person may file an affidavit of service of the notice with the appropriate county recorder in order to release the real property from the lien. After the affidavit is received, the county recorder must record the affidavit in the miscellaneous record book, and certify on the face of the record any lien that is fully released. These provisions may increase the workload of county recorders.

The affidavit filed with the county recorder must state: the facts of the notice; that more than 180 days have passed since the notice was received by the DOR; that no action for foreclosure of the lien is pending; and that no unsatisfied judgment has been rendered on the lien.

Explanation of Local Revenues: Any unpaid sheriff's costs and/or clerk costs associated with tax liens that would be released by this bill would not be collected. The impact is of this provision is indeterminable.

Also, this bill could potentially result in additional recording fees to county recorders due to potential filings of affidavits. However, the extent of this impact is indeterminable.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: County recorders.

Information Sources:

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